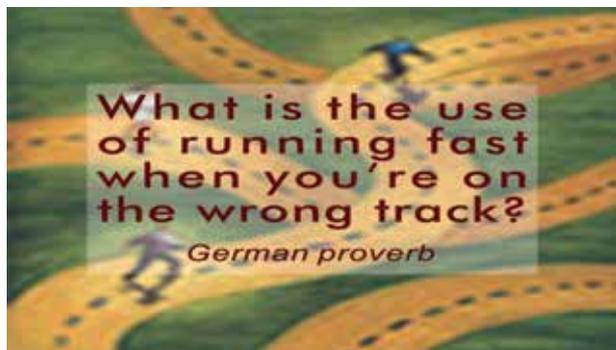


## Opportunities and Challenges for Young Chartered Accountants in Practice



*While most are still dreaming of success, seizing the right opportunity can help you achieve it. Over the last few decades, post liberalisation of our economy, the demand from Industry for young Chartered Accountants has increased manifold. Attractive remuneration packages tempt most young CAs to choose employment over Practice. However, opportunities for young CAs have opened up significantly in practice in the recent years, not just due to the globalisation of economies,*

*but also because of new regulations and laws being introduced in the country. There are endless career opportunities for practicing young CAs, especially those who specialise in specific fields, be it International Taxation, IFRS, Corporate Laws or Service Tax, to name a few, which offer a significant upside on the remuneration front as well. This article attempts to briefly examine those areas and offers the young ICAI members an overview of an alternative career path in Practice, which challenges their ability and provides them an opportunity to prove their worth.*



**'Survival and Success depend on Speed and Imagination.'** These words by Shri N. R. Narayana Murthy, Chairman Infosys group, are apt for any professional, especially relevant in today's scenario while discussing various professional opportunities for Chartered Accountants in Practice. Even though a lot has been written and spoken about on this

topic, still, discussing this subject with specifically the young members of our Profession in mind brings out a whole new dimension.

Young members, particularly from Tier 1 & 2 cities, are hungry to excel and their enthusiasm is indomitable. There are endless opportunities for a young member in Practice. This article groups these into those opportunities that have emerged due to the globalisation of economies and those that come under traditional areas of practice. The list is only indicative in nature and not exhaustive.

### Globalisation of Economies

GLOBALISATION =



#### 1. International Taxation:

With the advent of globalisation and cross border transactions, transfer pricing and double taxation avoidance agreements (DTAA) have come into sharp focus. Revenue authorities across the globe are very keen to ensure that their respective countries



**CA. Chetan Venugopal**

(The author is a member of the Institute. He can be reached at [chetan.pierian@gmail.com](mailto:chetan.pierian@gmail.com).)

# Young Members Empowerment

are not deprived of their legitimate share of taxes on these cross border transactions. Companies operating in multiple countries are now subject to intense reviews and scrutiny of transactions with their related parties. This calls for companies to be equipped and well prepared to address any questions the revenue authorities may have in terms of their international business. Young members with deep knowledge and understanding of the DTAA, Transfer Pricing regulations can play a key role in an advisory capacity and assist these companies in preparation of transfer pricing reports and other aspects of international taxation. It may be noted that this is needed for all sizes of companies from SME's to large multinationals and this involves a detailed analytical skill on part of the expert to understand and expostulate several aspects of the external environment in which the entity operates and its own internal structure to be effectively able to communicate to the authorities the justifications relevant for the posture adopted by the company in various taxable jurisdictions.

## 2. Inbound and Outbound Investments:

Foreign entities planning to invest and start their business operations India are required to comply with a host of regulations. Similarly Indian corporates who plan to invest and start business operations outside India need guidance on various regulatory framework that affects such investments.

The current state of the Indian Economy has to an extent impacted in attracting Foreign Direct Investments (FDI) into the country. However FDI is bound to gain momentum in the near future once there is certainty and stability on the Indian political front. In case the expected further liberalisation in the FDI policy materialises, foreign investors could tap into many sectors that have currently opened up for investment with minimum or no government inference. Similarly, Indian companies will continue to tap into resources and opportunities available overseas.

**Young members with deep knowledge and understanding of the DTAA, Transfer Pricing regulations can play a key role in an advisory capacity and assist these companies in preparation of transfer pricing reports and other aspects of international taxation.**

Opportunities include:

- Advisory services FEMA regulations
- Representing clients under the FEMA regulations (adjudication proceeding and appeals) before the special director appeals
- Certification work: borrowing and lending in foreign exchange, deposits, remittance of Indian assets by NRIs, export/import of goods and services, to name a few
- FEMA compliance audit
- Financial and legal due diligence
- Advise on Private Equity Financing and Structuring
- Advisory of Debt Structuring and other financial options
- Advisory and analysis on financial options
- Regulatory approvals before competent authorities, for example RBI/SIA/FIPB
- Setting up of SEZ/EOU/STP
- Formation of Subsidiary Companies of foreign companies, including branches and liaison offices
- Valuation of shares for regulatory purposes governed by the Central Bank circulars

## 3. Cross Border Mergers and Acquisitions:

M&A as we know is a strategy adopted by Corporates to expand their operations with a view to: a) increase their profitability; b) access new technology; c) access a skilled talent pool; d) access capital and new markets; f) Diversify, and so on. With the easing of restrictions on cross border M&A *vis-a-vis* capital, there is a tremendous increase in international investments. The Companies Act, 2013 has opened up mergers of Indian companies with foreign companies subject to RBI approvals in specified jurisdictions.

Opportunities include:

- Advisory services
- Investment banking
- Financial and legal due diligence
- Advise on Private Equity Financing and Structuring.
- Business valuations
- Regulatory approvals before competent authorities like RBI/SIA/FIPB

## 4. Knowledge Process Outsourcing (KPOs):

In the era of globalisation many companies have undertaken outsourcing as part of their business strategies. As more and more companies are joining the outsourcing bandwagon, this phenomenon is gaining enormous corporate attention. Recent

# Young Members Empowerment

market surveys indicate that almost 80 % of companies expect to increase their investment in outsourcing. More recently however, outsourcing of F&A functions have been growing rapidly.

KPO calls for a high degree of quality in deliverables, investment in quality infrastructure and the talent pool, enhanced risk management, controls and maintenance of confidentiality.

F&A outsourcing is not just restricted to transaction accounting. It is increasingly covering complex and high-end F&A activities like year-end finalisation, statutory compliance and management reporting. Small to mid-sized business offer fantastic opportunities for outsourcing F&A.

Other KPO related areas include market analysis, equity research, financial modeling, business process reengineering, etc.

## 5. Shared CFA Services:

Many small to medium businesses require CFO services to help manage their growing businesses. However, with constraints on financial resources, affordability becomes a challenge. SMEs cannot afford a full time CA, nor can they afford not to have one. Young CAs with a reasonable degree of experience and exposure will be able to fill this GAP. The concept is growing of late.

Opportunities include:

- Defining entry strategy
- Incubations Services such as Company incorporations, office set and initial team for accounting, reporting and compliance
- Relationship management with investors, lenders and bankers
- Managing government authorities
- Review and analysis of management reports
- Statutory Compliance Management and Advisory

## 6. IFRS:

The worldwide acceptance of the IFRS has established a common platform globally for this profession. It has naturally created a great demand for IFRS professionals with knowledge and experience of these standards. India too adopted them, converging them with our existing accounting standards, and renaming them the Indian Accounting Standards (IND-AS).

Opportunities include:

- Offering independent advisory services in IFRS, including conversion of financials as per Indian GAAP to IFRS compliant ones

- Tie ups with large audit firms and professional advisory services companies who need IFRS professionals, as these firms support companies in successful implementation of international standards as part of the accounting structure.

## 7. Business Valuation:

With the globalisation and liberalisation of economies, M&A and Strategic Partnerships have increased manifold. The objective of Business Valuation is to determine the fair market value of the business, *i.e.*, the price the buyer and seller negotiate at arms length. It is an evolving field and there are very little developed doctrines relating to the application of the specific method amongst various valuation methods. Many factors drive the valuation of the business such as the nature of the business, specific industry scenario, economic outlook, the company's financial position, etc. There are many methods to value a business such as, Asset Approach, Income Approach or Market Approach. Further, valuation is required under various statutes like FEMA, the Companies Act 2013 and several such laws.

## 8. Corporate Governance:

This is generally understood as a systematic process by which companies are directed to ensure they are managed to meet stakeholder aspirations and societal expectations. It leads to corporate governance philosophies of trusteeship, transparency, empowerment and accountability, and controlled and ethical corporate behaviour. The Companies Act 2013 lays special emphasis on corporate governance.

Opportunities include:

- Designing code of conduct governance,
- Designing risk management frameworks,
- Designing internal control frame works,
- Designing whistle blower policies,
- Audit of corporate governance,
- Audit on internal control functions.

## 9. Extensible Business Reporting Language (XBRL):

The XBRL reporting system has transformed financial reporting and the use of these reports by various stake holders. Interactive data has enabled investors and external users to make informed decisions. This has enabled CAs to prepare error free accounts as the accounting data is being mapped into a recognised taxonomy and helps errors to be addressed at this stage. This has given great flexibility

# Young Members Empowerment

to CAs in the preparation of different types of management reports. The Companies Act requires a certain class of companies to file their financial statements in XBRL.

Opportunities include:

- Extracting financial statements from accounting packages (Tally, ERP).
- Mapping of financial statements
- Review of mapping
- Actual conversion
- Validation of XBRL files
- Advisory services
- End-to-end project implementation, including preparing complete XBRL documents on a fully outsourced basis

## 10. The Companies Act 2013:

The enactment of the much awaited the Companies Act, 2013 has marked the beginning of a new era in the Indian Corporate World. The Corporates in this evolving regulatory and economic environment need dependable and skillful professionals with specialised knowledge in the intricacies of the Act.

Outsourcing opportunities include maintaining of Corporate Law Records.

## 11. Direct Tax Code:

The Government of India is in the process of revising, consolidating and simplifying the language and structure of the direct tax laws into a single legislation – the Direct Taxes Code (DTC). The new DTC proposes substantial changes to the current direct tax legislation and is likely to have significant impact on the business community. It is widely expected that the proposed DTC would be referred to a Parliamentary Committee for further deliberations and the Committee would have one more round of public consultation. It offers tremendous scope for young members to specialise and distinguish themselves in the profession

## 12. Goods and Services Tax (GST):

As we are all aware, the proposed GST aims to replace multiple indirect taxes in India, such as central excise, additional excise, value-added tax and service tax. The introduction of GST is a key reform measure that could have immense macro implications for India's growth potential. The biggest positive from the introduction of GST would be higher revenue for the government that would come from broadening the tax base and increasing compliance.

Opportunities includes:

- Record keeping
- Advisory services
- Departmental audit
- External audit of GST records
- Certifications for tax credits and special audits, if any

## 13. Forensic Accounting:

Forensic Accountants are often engaged by companies when litigation is anticipated or suspected. A Forensic Accountant often utilises his understanding of business information & financial reporting systems, accounting standards and procedures to investigate some form of economic crime.

## 14. Other Areas one can Explore

- Faculty assignments in professional institutions
- Nominee directors for foreign companies setting up offices in India
- Business structuring assignments/consulting
- Drafting and conveyance;
- Contract tendering (negotiation) areas of consulting
- Setting up practice in the areas of minor Acts – such as PF/ESI/Luxury Tax/Entertainment Tax/Stamp duty laws, etc.

## Traditional Areas of Practice

### 1. Taxation:

In traditional areas of practice, Direct and Indirect taxation have always been a major area of focus by CAs.

- Direct taxation covers areas like Advisory Services, Tax Filings & Compliance, Appeals & Proceedings
- Indirect Tax helps one develop expertise in niche areas like Excise & Customs, Service Tax, VAT and provide services as Consultant, Tax filings, Appeals & Proceedings, etc.

One can examine an industry specialisation in all the above fields.

### 2. Internal Audit:

This important activity helps the management of companies with an insight into several areas of improvement: systems and processes, effectiveness of internal controls, performance and risk management, statutory compliance management, reduction in costs, revenue enhancement opportunities, and more.

# Young Members Empowerment

Opportunities include audits in the areas of:

- Operations
- Finance
- Compliance
- Information Systems (IS)
- Investigation
- Management

Internal audit has fast become an integral part of Board proceedings and audit committees are expected to review various findings and take adequate steps to address issues mentioned therein. Hence internal auditors of listed or other large companies now have high visibility and lot of expectations ride on them.

### 3. Bank Audits:

It includes inventory and receivables audit, concurrent audit, information system (IS) audit, statutory audit and revenue audit.

### 4. Insurance Sector:

It includes advisory, Actuary, Broker, Surveyor/loss assessor, arbitration, concurrent auditors, certifications required under IRDA, Insurance investigations and consultancy in Insurance laws.

It may be noted that for each specialisation area mentioned above, young practicing members may have to undertake specialised courses post their qualification – either through ICAI or respective World Bodies. Many of these courses are available online.

### Challenges that Young Members Face

A few of the many challenges young members have to deal with include:

- Increased infrastructure cost of setting up an office and ongoing rents and maintenance
- Reaching out to potential clients, *i.e.*, marketing their services
- Clients' unwillingness to increase professional fees despite the increased level of compliances expected under various statutes
- Lack of effective communication and presentation skills
- Absence of informal networking forums such as a CA club to facilitate interaction with professional colleagues and help build networks
- Limited access to advice from senior professionals, especially for those working in Tier 2 cities
- Limited access to affordable technology to help

build consistent standards across the profession, *eg*, audit tools

It may be noted that the Institute is seized of most of these challenges and is working steadfastly in addressing them.

### Expectations by Our Young Members

Given the host of opportunities now available to our young members, here are some of their needs and expectations from the ICAI, which is already doing some outstanding work for our profession. To help them rise to the challenge what is needed include:

- More online ICAI certification programs to help build specialisation in subjects like FEMA, RBI, foreign trade policies and procedures, strategic management and decision making skills, leadership programs, business valuations and business verticals specialisation to help build domain knowledge.
- Tie-up with universities abroad to help widen their horizons. *E.g.*, Leadership and liberal arts from University of Pennsylvania; Harvard university, Stanford university to help understand and appreciate global best practices
- More intense programs to hone their communication and presentation skills through courses delivered by top management schools
- Mentoring programs. Access to senior and successful professionals/role models
- More brand building for our profession.
- A "Knowledge Panelists Team" to help face academic and practical challenges in the profession
- Active ICAI alumni for networking – this may open a few business opportunities
- More emphasis on research in various professional avenues
- Facilitation of international exposure to young members through short term visits abroad and interactions with members of accounting bodies in other countries like ICAEW, CPA Australia, and CPA Singapore.

Opportunities are aplenty. Challenges can be addressed and managed. It's best to choose an area of interest one is passionate about and willing to go that extra mile to be a specialist in. The great spiritual guru Swami Sivananda had rightly said: *"Put your heart, mind, and soul into even your smallest acts. This is the secret of success."* ■